DOCUMENT RESUME

ED 259 662 HE 018 543

TITLE Progress on Implementing New Authorization Standards and Approval Policy for California's Nonaccredited Private Colleges and Universities. Commission Report 85-18.

INSTITUTION California State Postsecondary Education Commission, Sacramento.

PUB DATE Mar 85

NOTE 43p.

AVAILABLE FROM California Postsecondary Education Commission, 1020 Twelfth Street, Sacramento, CA 95814.

PUB TYPE Legal/Legislative/Regulatory Materials (090) -- Reports - Descriptive (141)

EDRS PRICE MF01/PC02 Plus Postage.

DESCRIPTORS Academic Standards; College Programs; *Degrees (Academic); Government School Relationship; Institutional Characteristics; *Institutional Evaluation; Postsecondary Education; *Private Colleges; Program Implementation; Public Policy; State Boards of Education; *State Legislation; *State Standards

IDENTIFIERS *California; *Nonaccredited Colleges

ABSTRACT

Two California bills (signed into law in fall 1984) designed to improve state standards for approving and authorizing private, nonaccredited colleges and universities are examined, with attention to the background to the bills, the key changes in statute that each bill accomplished, and the current status in their implementation. Senate Bill 2151 changes the process by which most private, nonaccredited schools will be authorized to grant degrees. Formerly, an institution could grant degrees with only an accurate disclosure of its goals, programs, and resources and the showing of $50,000 in assets devoted to educational use by the institution. The new process requires that a college's entire program, faculty, academic requirements, and physical and fiscal resources meet qualitative standards. The primary change instituted by Bill 1923 is to make the approval process an institutionwide process and ensure that the college will not achieve approved status unless and until every degree program attains the quality required under this section of the law. Prior to the bill, state approval was granted on a program-by-program basis. It is expected that the implementation of this law will assure both the quality and strength of entire institutions as well as individual programs. The texts of both bills are appended. (SW)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

BEST COPY AVAILABLE

PROGRESS ON IMPLEMENTING NEW AUTHORIZATION STANDARDS AND APPROVAL POLICY FOR CALIFORNIA'S NONACCREDITED PRIVATE COLLEGES AND UNIVERSITIES

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY
California Postsecondary
Education Commission
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

POSTSECONDARY EDUCATION COMMISSION

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
☑ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

The California Postsecondary Education Commission was created by the Legislature and the Governor in 1974 as the successor to the California Coordinating Council for Higher Education in order to coordinate and plan for education in California beyond high school. As a state agency, the Commission is responsible for assuring that the State's resources for postsecondary education are utilized effectively and efficiently; for promoting diversity, innovation, and responsiveness to the needs of students and society; and for advising the Legislature and the Governor on statewide educational policy and funding.

The Commission consists of 15 members. Nine represent the general public, with three each appointed by the Speaker of the Assembly, the Senate Rules Committee, and the Governor. The other six represent the major educational systems of the State.

The Commission holds regular public meetings throughout the year at which it takes action on staff studies and adopts positions on legislative proposals affecting postsecondary education. Further information about the Commission, its meetings, its staff, and its other publications may be obtained from the Commission offices at 1020 Twelfth Street, Sacramento, California 95814; telephone (916) 445-7933.

PROGRESS ON IMPLEMENTING NEW AUTHORIZATION STANDARDS AND APPROVAL POLICY FOR PRIVATE NONACCREDITED COLLEGES AND UNIVERSITIES

A Staff Report to the
CALIFORNIA POSTSECONDARY EDUCATION COMMISSION
1020 Twelfth Street, Sacramento, California 95814

Commission Report 85-18

March 1985

CONTENTS

	Page
INTRODUCTION	1
BACKGROUND ON THE BILLS	1
1980 and 1981 Developments	1
1982-1984 Developments 2	1
PROVISIONS AND IMPLEMENTATION OF SENATE BILL 2151 (WATSON)	3
Key Changes in Statute	3
Implementation of the Bill	3
Effects of the Bill on Private Institutions	4
PROVISIONS AND IMPLEMENTATION OF SENATE BILL 1923 (CARPENTER)	6
Key Changes in Statute	6
Implementation of the Bill	6
APPENDIX A: Senate Bill 2151 (Watson)	7
APPENDIX B: Senate Bill 1923 (Carpenter)	25
REFERENCES	37

INTRODUCTION

During the 1983-1984 legislative year, the Commission supported two Senate Bills -- 1923 (Carpenter) and 2151 (Watson) -- that had as their objectives the improvement of State standards for approving and authorizing private, nonaccredited colleges and universities in California. Both bills, which are reproduced in the appendices, passed the Legislature and were signed by the Governor last fall. This report briefly summarizes (1) the background of the bills, (2) the key changes in statute that each bill accomplished, and (3) the current status in their implementation by the Private Postsecondary Education Division of the Department of Education.

BACKGROUND ON THE BILLS

The passage of Senate Bills 1923 and 2151 was an important milestone in the Commission's decade-long efforts to raise the standards under which non-accredited, degree-granting institutions are either approved or authorized to operate in the State. The Commission first reviewed the role of the State in authorizing and otherwise overseeing private postsecondary educational institutions in 1976. It initiated this review in response to a legislative directive to assess "the operation and effectiveness of Division 21 of the Education Code in assuring the quality of . . . educational programs offered by private educational institutions of postsecondary education" (Senate Bill 355, 1974). In its 1976 report to the Legislature, the Commission dealt with a wide range of issues, including consumer protection (especially as it related to tuition indemnification following the closure of a school), enforcement provisions of the Education Code, administrative structure of the State's oversight agency -- the then Bureau of School Approvals in the State Department of Education -- and the source of financial support for that agency.

The Commission's 1976 report was followed by the Legislature's adoption of the Private Postsecondary Education Act of 1977, now certified in Chapter 3, Part 59, Division 10 of the revised Education Code, which completely rewrote the authorization statute, adding (1) a list of 14 categories of information required in an institution's affidavit of full disclosure, (2) a required "verification visit" to verify the accuracy of the information, and (3) new sections on fee schedules and consumer complaints.

1980 and 1981 Developments

In 1980, again at the direction of the Legislature, the Commission reviewed the practices of institutions operating under this section of the Education Code and concluded in 1981 that "there is (still) reasonable evidence . . . that the integrity of academic degrees is being threatened by the educational

program offered by some of the authorized institutions" (1981, p. 11). The Commission's primary finding was that the 1977 law was not yet strong enough to assure that the Legislature's objectives of quality and integrity would be sought by all of the State-authorized institutions.

The Commission therefore offered two recommendations to strengthen the law:

- First, it proposed that instruction must be offered as a part of each degree program, thus forestalling the offering of degrees solely on the basis of examinations, life experience, or credit for prior education at another institution.

- Second, it recommended that all authorized institutions, within five years after gaining authorized status, be required to apply for and gain status as a State-approved institution.

Opposition to the latter recommendation led to compromise legislation in 1981, adding Section 94304.5 to the Education Code, which provided for the creation of "a special committee of technically qualified persons to develop explicit standards to be used in the review and authorization of private postsecondary institutions which operate pursuant to subdivision (1) of Section 94310 [of the Education Code] as it existed on January 1, 1982." This compromise gave the representatives of authorized institutions the opportunity to propose explicit standards that would ensure the quality and integrity of degree programs that the Legislature was seeking.

1982-1984 Developments

In 1982, the Council for Private Postsecondary Educational Institutions impaneled the prescribed special committee consisting of 12 institutional representatives and a designee of Commission Director Callan. The standards developed by the Committee were reviewed and adopted by the Council for Postsecondary Educational Institutions and were then transmitted to the Commission for its comments. In its 1983 report, the Commission found the standards as a whole to be commendable, but recommended that three areas be strengthened: (1) the standards limiting the amount of credit for life experience; (2) the process for determining financial stability; and (3) the development of specific graduate education requirements. Additionally, the Commission recommended changes in the process of implementing the standards. Virtually all recommendations by the Commission were incorporated in one form or another either in Senate Bill 2151, or in the subsequent regulations proposed by staff of the Private Postsecondary Education Division.

Meanwhile, in its study of accreditation and State approval in California, the Commission noted that some institutions that offer State approved degree programs along with nonapproved programs were advertising themselves as being approved, and it therefore recommended a strengthened State-approval process that would not allow an institution to "advertise itself as having State approval status until all of its degree programs have been qualitatively reviewed and approved by the State's oversight agency" (1984, p. 51). This recommendation has been explicitly adopted by the Legislature through the successful passage of Senate Bill 1923 (Carpenter).

PROVISIONS AND IMPLEMENTATION OF SENATE BILL 2151 (WATSON)

Key Changes in Statute

Senate Bill 2151 changes the process by which the large majority of private, nonaccredited institutions will be authorized to grant degrees under Education Code Section 94310(c). Formerly, an institution could be authorized to grant degrees with only an accurate disclosure of its goals, programs, and resources and the showing of $50,000 in assets devoted to educational use by the institution. The new process will require that an institution's entire program, faculty, academic requirements and physical and fiscal resources meet qualitative standards adopted by the Superintendent of Public Instruction. Of the 177 institutions currently authorized under Section 94310c, perhaps 80 percent, or approximately 140 institutions, will file to renew their authorized status under the new standards.

Senate Bill 2151 also activated a new category of authorization (Education Code, Section 94310(d)) for religious, degree-granting institutions "structured by schools of theology" which award "degrees primarily in theology and other areas of religious study." This new category of authorization will continue the less rigorous "disclosure" process for these institutions. Perhaps 20 to 25 currently authorized "c" institutions will choose to apply under this category. As a result of this continuation of the "disclosure" process, it is possible that some of the abuses of the degree-granting authority the State experienced under the former "c" statute will continue among "d" institutions.

Implementation of the Bill

The new authorization process for "c" institutions requires that all current "c" institutions be examined under the new standards by June 30, 1987, in order to continue operating under this provision of the Education Code. The steps the Private Postsecondary Education Division of the Department of Education faces in implementing this new process include:

1. Translating standards developed by the special committee into proposed regulations to be incorporated into the California Administrative Code and receiving the approval of the Office of Administrative Law;

2. Preparing application materials based upon the new regulations; and

3. Scheduling the approximately 177 institutions for visits over the period from about June 1, 1985 to June 30, 1987.

Since the first step could result in a prolonged negotiation between the Private Postsecondary Education Division and the Office of Administrative Law over the necessity for the wording of certain of the proposed regu-

lations, the Division's staff has decided to proceed to implement the new law on the basis of its proposed regulations while continuing to seek clearance from the Office.

Application materials have been completed and favorably reviewed by the Council for Private Postsecondary Educational Institutions and will be ready for distribution by mid-February. Workshops will be held with institutional representatives during the early spring, and visits to the first institutions should begin by no later than June 1.

Effects of the Bill on Private Institutions

The change in the authorization process from a simple disclosure requirement to a process that requires institutions to comply with standards is a substantial one. The following examples of "Curriculum and Faculty" and "Required Instruction" reflect only three of the thirteen areas in which standards have been developed. These three examples, however, illustrate the extent of change some authorized institutions will face in order to continue operating under this section of the Education Code.

Curriculum and Faculty: Under the former process based on disclosure, institutions authorized before the implementation of the 1981 amendments to Section 94310(c) were not routinely visited, and a number of these institutions disclosed only the degree titles they offered. In some cases, requirements for these degrees and the curricula students would follow were individually negotiated with each student, and a single faculty mentor might be retained after the student had enrolled to guide the student through an entire degree program.

New institutions authorized after about 1982 were visited upon application, and these institutions were required "to disclose a curriculum and degree requirements." This requirement could be satisfied by a list of courses with course descriptions and any pattern of required courses the institution might select. To the Commission staff, the courses on the lists of some applicant institutions appeared to be randomly selected and the degree requirements quite superficial. Yet in such cases, there existed no basis in law for denying the institutions authorization to operate.

In contrast, under the new process based on standards, all institutions wishing to operate under the authorization standards of Section 94310(c) will be visited by a team of examiners (usually three in number) who will determine whether the institution complies with these standards. Curricula and graduation requirements will be evaluated against "generally accepted postsecondary educational standards." The standard regarding degree programs states:

> Degree programs and designated titles which are not clearly and obviously innovative shall not deviate substantially in required competencies from those commonly required, used, and traditionally accepted as a mark of learning in accredited institutions.

Under the new standards, institutions will be required to retain sufficient qualified faculty to offer their degree programs as a prerequisite to authorization. The standards also require that the faculty's assignments be declared and that the institutions provide evidence that all faculty members' education is at or above the level of their assignment.

Required Instruction: Under the former process based on disclosure, some institutions that wished to circumvent the requirement under Section 94312 that all colleges and universities provide instruction merely offered instruction in a single course (sometimes an orientation course), since no minimum amount of instruction had been indicated in the statute.

In contrast, the new standards specify in detail the limits to the awarding of transfer credit, credit for life experience, and credit by examination. They also require that institutions must ensure that a minimum of 25 percent of each student's degree program is provided through instruction given by the institution's contracted faculty.

Other Standards: As mentioned above, the preceding examples were drawn from 13 subdivisions of standards covering such topics as institutional objectives, administrative personnel, procedures for keeping educational records, and financial stability. Numerous standards call for "sufficient" or "appropriate" resources, requirements, and personnel. These two terms are defined in the definition section of the standards as follows:

> "Appropriate" shall mean those characteristics determined by the superintendent to be essential for an institution to achieve its disclosed purposes and proposed ends. The superintendent's determination shall be based upon generally accepted postsecondary educational standards.
>
> "Sufficient" shall mean that quantity determined by the superintendent to be essential for an institution to achieve its disclosed purposes and proposed ends. The superintendent's determination shall be based upon generally accepted postsecondary educational standards.

The move to an authorization process based upon an institution's compliance with minimum standards should enable the Private Postsecondary Education Division of the State's Department of Education to carry out more effectively the legislative intent of the law both to encourage privately supported education and to protect the integrity of degrees conferred by these institutions. The Commission will continue to be involved with the Division in an advisory capacity during the implementation of this new law. A representative of the Commission will continue to serve on the Council for Private Postsecondary Educational Institutions, which advises the Superintendent of Public Instruction on the administration of this law. The Commission will continue to be represented on the visiting teams that will be visiting the nearly 200 applicant institutions during the next two years.

PROVISIONS AND IMPLEMENTATION OF SENATE BILL 1923 (CARPENTER)

Key Changes in Statute

Senate Bill 1923 amended the State approval process specified in Education Code, Section 94310(b). In this process, authorized but nonaccredited colleges and universities have undergone a self-evaluation of certain degree programs and a review by a visiting team composed of representatives of accredited institutions and of other institutions offering approved programs. The standards against which the applicant for approval is compared are those of accredited institutions. The regulations require, for example, that an applicant institution's degree requirements "shall be evaluated against established standards for similar degrees in accredited institutions" (California Administrative Code, Title 5, Division 21, Section 18823(e)).

Prior to Senate Bill 1923, State approval was granted on a program-by-program basis. An institution wishing to up-grade its "authorized" status to an "approved" status would be encouraged by the staff of the Private Postsecondary Education Division to submit only its strongest programs for evaluation. This practice led to the anomaly of an authorized institution offering one or more approved programs -- a condition approximately equivalent to an unaccredited institution offering an accredited degree program.

The primary change instituted by the Senate Bill 1923 is to make the approval process an institution-wide process and ensure that the institution will not achieve approved status unless and until every degree program attains the quality required under this section of the law. Authorized institutions with one or more approved programs are to be given the temporary status of "conditional approval" but are required to undergo an approval review by June 30, 1986, if they wish to qualify for full institutional approval.

Implementation of the Bill

The new approval process, unlike the new authorization process, requires no significant change in regulations. The Private Postsecondary Education Division has made the necessary changes in communication and application forms and is prepared to move ahead with its first applicant under the new law -- National Hispanic University -- on April 15-16.

With the implementation of this law, it is expected that the State will now be assured of both the quality and strength of entire institutions as well as the quality and strength of their individual programs.

APPENDIX A

Senate Bill No. 2151

CHAPTER 1727

An act to amend Sections 94304, 94305, 94310, and 94345 of, and to repeal and add Section 94350 of, the Education Code, relating to private postsecondary institutions, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 30, 1984. Filed with Secretary of State September 30, 1984.]

LEGISLATIVE COUNSEL'S DIGEST

SB 2151, Watson. Private postsecondary institutions: authority to award degrees.

Existing law prohibits private postsecondary educational institutions from awarding academic degrees unless they: (1) are accredited by a recognized accrediting agency, the Western Association of Schools and Colleges, or the Committee of Bar Examiners for the State of California; (2) have been approved by the Superintendent of Public Instruction based upon a determination that the institution has an adequate educational program; or (3) have filed affidavits relating to the educational program and financial resources of the institution with the Superintendent of Public Instruction.

The availability of the option described in item (3) is restricted to institutions structured by schools of theology which award degrees primarily in theology and other areas of religious study.

This bill would permit an institution to obtain authorization to issue degrees by demonstrating compliance with standards recommended by the Council for Postsecondary Educational Institutions and adopted by the Superintendent of Public Instruction through a comprehensive onsite review process conducted by a visiting committee, as specified.

This bill would make it unlawful for those institutions to represent that the authorization to operate represents accreditation or endorsement of the course of study or degree.

This bill would also require the council to advise the Superintendent of Public Instruction regarding the appropriate action to be taken in the event that the visiting committee does not reach a unanimous recommendation regarding an institution's application for authorization pursuant to the new procedure which would be provided by this bill.

This bill would authorize the superintendent to place an authorized institution on probation for a specific period of time, if certain determinations are made. If at the end of the specified probation period, the institution has not taken steps to eliminate the cause for its probation which the superintendent finds satisfactory,

this bill would permit the superintendent to withdraw the institution's authorization to award degrees. An institution placed on probation pursuant to the provisions of this bill would be able to file an appeal with the council, as specified.

Existing law prescribes procedures for the appointment of members of the Council for Private Postsecondary Educational Institutions, and provides for their reimbursement for certain expenses, as specified.

This bill would eliminate the current requirement that the State Board of Education concur in the appointment of each person to serve on the council before that person may be deemed to be a member of the council.

This bill would require the Superintendent of Public Instruction to approve official council business in order for a member of the council to obtain reimbursement for the actual expenses incurred when on this official business.

Existing law requires the Superintendent of Public Instruction to impanel special committees to assist the superintendent and the Council for Private Postsecondary Educational Institutions in development of standards for courses and the evaluation of any course or school applying for approval or authorization to issue degrees pursuant to specified provisions of law.

This bill would, instead, require the superintendent to impanel special committees to assist the superintendent and council in the development of standards for education and educational institutions, and the evaluation of any application or institution pursuant to specified provisions of law. The bill would also require the institution which is the subject of inspection or investigation to reimburse each member of such a special committee for his or her actual travel expenses.

Under current law, the California Postsecondary Education Commission is required to review and evaluate the implementation of the provisions of existing law relating to private postsecondary institutions by the State Department of Education, and to report the results of its review and evaluation to the Legislature by January 1, 1985.

This bill would extend that deadline to September 1, 1989. It would also require the commission to review and evaluate the effectiveness of specified provisions of law in protecting the integrity of degrees and diplomas issued by private postsecondary institutions, and to report the results to the Legislature by September 1, 1989.

The provisions of existing law governing private postsecondary educational institutions are scheduled to be repealed under existing law on July 1, 1986.

This bill would make those provisions inoperative on June 30, 1991, and would repeal them as of January 1, 1992.

This bill would incorporate changes in Section 94310 of the Education Code proposed by SB 1923, but only if SB 1923 and this bill

are both chaptered and become effective, and this bill is chaptered last.

This bill would take effect immediately as an urgency statute.

The people of the State of California do enact as follows:

SECTION 1. Section 94304 of the Education Code is amended to read:

94304. (a) There is in the State Department of Education a Council for Private Postsecondary Educational Institutions consisting of 15 members, selected as follows:

(1) The superintendent or his or her designee shall be a member, and the superintendent shall appoint four members. Two shall be members of the general public, one with a strong interest in developing private postsecondary education, and one representative of business that employs persons in positions requiring vocational or technical education. Two shall be administrative heads of institutions, one representing a nonaccredited, degree granting school operating pursuant to subdivision (b) or (c) of Section 94310 and one representing a nonaccredited, non-degree granting school operating pursuant to subdivision (d) of Section 94311.

(2) The Senate Rules Committee shall appoint five members. Two shall be members of the general public, one with a knowledge of private vocational education, and one representative of a labor organization that represents persons with vocational or technical training. Three shall be administrative heads of institutions, one representing a nonaccredited, degree granting school operating pursuant to subdivision (b) or (c) of Section 94310, one representing an accredited non-degree granting school operating pursuant to subdivision (c) of Section 94311, and one representing a nonaccredited, non-degree granting school operating pursuant to subdivision (d) of Section 94311.

(3) The Speaker of the Assembly shall appoint five members. Three shall be members of the general public with an interest in developing private postsecondary vocational and technical education. Two shall be administrative heads of institutions, one representing an accredited, non-degree granting school operating pursuant to subdivision (c) of Section 94311, and one representing a nonaccredited, non-degree granting school operating pursuant to subdivision (d) of Section 94311.

(4) In addition, the following shall serve as ex officio members of the council:

(A) The Director of Consumer Affairs, or his or her designee.

(B) The Director of Employment Development, or his or her designee.

(C) The Director of the California Postsecondary Education Commission, or his or her designee.

Ex officio members have no vote.

It is the intent of the Legislature that the council shall provide leadership and direction in the continuing development of private postsecondary education as an integral and effective element in the structure of postsecondary education in California. The work of the council shall at all times be directed toward maintaining and continuing, to the maximum degree permissible, private control and autonomy in the administration of the private postsecondary schools and colleges in this state.

(5) Administrative heads of institutions appointed under paragraphs (2) and (3) may be selected from lists submitted by an association or associations of institutions governed under this chapter which has at least 30 members.

(6) Public members appointed under paragraphs (1), (2), and (3) shall not be retained or employed by any secondary or postsecondary educational institution or system when appointed or during their term of appointment.

(b) The first members shall be appointed on or before January 15, 1982, and the superintendent shall designate the date of the first meeting of the council.

The terms of office of the members of the council shall commence on January 15, 1982, and the members shall enter upon their terms of office by lot so that the terms of five members shall expire on January 15, 1983; the terms of five members shall expire on January 15, 1984; and the terms of five members shall expire on January 15, 1985.

The terms of the members of the council shall be four years. No appointee shall serve on the council for more than eight consecutive years.

Any member of the council who misses two consecutive regular meetings of the council without cause forfeits the office, thereby creating a vacancy.

At the first meeting of the council, and annually thereafter, the members shall select one of their number to serve as chairperson and one to serve as vice chairperson. The vice chairperson shall preside over all meetings of the council in the absence of the chairperson.

(c) Any vacancy on the council shall be filled in the same manner as provided for appointment of council members in subdivision (a). The appointee to fill a vacancy shall hold office only for the balance of the unexpired term.

(d) Appointed members of the council shall receive no compensation but shall receive their actual expenses for attendance at official council meetings, and when on official council business approved by the Superintendent of Public Instruction, not to exceed State Board of Control expense allowances.

(e) The council shall determine the time and place of council meetings which shall not be fewer than six times in each calendar year.

(f) The council shall:

(1) Advise the superintendent on the establishment of policy for the administration of this chapter.

(2) Establish a process, in cooperation with the superintendent, for the development and promulgation of rules and regulations. The process developed should not be inconsistent with the provisions of this chapter and allow for the input of consumers and institutions.

(3) Adopt procedures necessary or appropriate for the conduct of its work and the implementation of this chapter consistent with rules and regulations.

(4) Review minimum criteria utilized by the superintendent in conformity with subdivisions (b), (c), and (d) of Section 94310 and subdivision (d) of Section 94311 and Section 94312, including quality of education, ethical and business practices, health and safety, and fiscal responsibility, which applicants for approval to operate, or for an agent's permit, shall meet before the approval or permit may be issued, and to continue the approval or permit in effect. Criteria to be developed hereunder shall be such as will effectuate the purposes of this chapter but will not unreasonably hinder legitimate education innovation.

(5) In cooperation with the superintendent, prepare and submit an annual report to the California Postsecondary Education Commission to be used by the commission for the review and inclusion in the annual update of the five-year plan for postsecondary education.

(6) Review appeals and complaints from educational institutions, agents, and consumers. Make recommendations to the superintendent regarding the disposition of these appeals and complaints.

(7) Represent private postsecondary educational institutions on the State Occupational Informational Coordinating Committee.

(8) Advise the superintendent regarding the appropriate action to be taken in the event that the visiting committee does not reach a unanimous recommendation on an institution's application for authorization pursuant to subdivisions (c) and (d) of Section 94310.

(g) All actions with the exception of those regarding the operating procedures of the council shall be adopted according to the affirmative vote of the majority of the council and shall be in writing.

SEC. 2. Section 94305 of the Education Code is amended to read:

94305. It is the intent of the Legislature that the superintendent meet regularly with the council, and that the superintendent work cooperatively with the council in providing leadership and direction in the continuing development of private postsecondary education.

The superintendent shall do all of the following:

(a) Establish policy for the administration of this chapter in cooperation with the council.

(b) Adopt regulations in cooperation with the council not inconsistent with this chapter governing the exercise of authority

comprised by this article which shall be adopted in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(c) Prepare annually a proposed budget for the support of activities of the State Department of Education pursuant to this article. The proposed budget shall be presented to the council for its review and recommendations.

(d) Consult with the council prior to instituting any action to deny, suspend, or withdraw approval or authorization of courses or schools pursuant to this article.

(e) Meet with the council at least twice per year. Take into consideration the advice of the council on all matters where the council is authorized to communicate advice to the director.

(f) Impanel special committees of technically qualified persons to assist the superintendent and the council in the development of standards for education and educational institutions and the evaluation of any application or institution pursuant to this chapter. The special committees shall make such inspections and studies as may be necessary to enable them to advise the council and the superintendent in regard to action to be taken in any particular situation. Members of these special committees shall not be connected in any way with a school which is the subject of inspection or investigation. The members of the special committees shall serve at no expense to the state. The actual travel expenses incurred by each member of a special committee shall be reimbursed by the institution which is the subject of inspection or investigation.

(g) Publish annually for public distribution a directory of all institutions approved or authorized to operate in this state under provisions of this chapter. The directory shall contain as a minimum, the names and addresses of these institutions, together with a notation of the statute section or sections under which the institution has been authorized or approved.

(h) Negotiate and enter into interstate reciprocity agreements with similar agencies in other states if, in the judgment of the superintendent, such agreements are, or will be, helpful in effectuating the purposes of this chapter. However, nothing contained in any such reciprocity agreement shall be construed as limiting the superintendent's powers, duties, and responsibilities with respect to investigating or acting upon any application for issuance or renewal of any agent's permit or with respect to the enforcement of any provision of this chapter or any rule or regulation promulgated under this chapter. The agreements shall not include institutions authorized to operate under subdivision (b) of Section 94311 nor be in conflict with agreements arranged by the state licensing boards authorized to negotiate the agreements through provisions of the Business and Professions Code.

(i) Receive, investigate, as he or she may deem necessary, and act upon applications for authorization or approval to operate

educational institutions and applications for agent's permits.

(j) It is the intent of the Legislature that the superintendent develop, with the cooperation of the council, a program or procedure requiring institutions subject to the provisions of this section to provide evidence assuring the due and faithful performance of agreements or contracts with students and the refund of unearned tuition in the event the school ceases to exist or provide instruction.

(k) Request the Attorney General to bring actions pursuant to paragraph (2) of subdivision (a) of Section 94339 which the superintendent deems are necessary to enforce the provisions of this chapter.

SEC. 3. Section 94310 of the Education Code is amended to read:

94310. No institution may issue, confer, or award an academic or honorary degree unless the institution meets the requirements of at least one of the subdivisions of this section.

(a) The institution, which at the time of the issuance of a degree, has accreditation of the institution, program, or specific course of study upon which the degree is based by a national accrediting agency recognized by the United States Department of Education, the Western Association of Schools and Colleges, or by the Committee of Bar Examiners for the State of California. The institution shall file with the superintendent an annual affidavit by the administrative head of the institution stating that the institution is so accredited. Institutions authorized to operate under this subdivision may issue diplomas and certificates as well as degrees.

(b) The institution has been approved by the superintendent to award or issue specific degrees. The superintendent shall not approve an institution to issue degrees until it is determined, based upon information submitted to him or her, that the institution has the facilities, financial resources, administrative capabilities, faculty, and other necessary educational expertise and resources to afford students and require of students the completion of a program of education which will prepare them for the attainment of a professional, technological, or educational objective, including, but not limited to, a degree; and the curriculum is consistent in quality with curricula offered by established institutions that issue the appropriate degree upon the satisfactory completion thereof. This shall include the determination that the course for which the degree is granted achieves its professed or claimed objective for higher education. The criteria developed hereunder shall be such as will effectuate the purposes of this chapter, but will not unreasonably hinder legitimate educational innovation.

Upon the receipt of a complete application, the superintendent shall, within 90 days, impanel a special committee for the purpose of evaluating the applicant institution. Within 90 days of the receipt of the special committee's recommendations, the superintendent shall take one of the following actions:

(1) Grant a full approval for a period not to exceed three years.

(2) Grant a conditional approval for a period not to exceed one year plus the remainder of the year in which the application was made.

(3) Disapprove the application. If the application is disapproved or a conditional approval is granted, the institution shall be advised of the specific reasons for such action and the specific corrective measures needed to achieve full approval.

Those institutions approved to issue degrees pursuant to this subdivision may also be authorized by the superintendent to issue diplomas for the completion of courses of study, within their approved degree program, but which do not fully meet the degree requirements. The superintendent may approve an application to issue honorary degrees, provided the applicant institution has full approval to issue academic degrees.

(c) The institution has demonstrated that it is in compliance with formal standards recommended by the Council for Postsecondary Educational Institutions and adopted by the superintendent, which shall include, but not be limited to, the standards developed by the special committee pursuant to Section 94304.5.

(1) The institution shall demonstrate compliance with the standards through a comprehensive onsite review process conducted by a three-member visiting committee impaneled by the superintendent for that purpose pursuant to paragraph (2). The process shall review all of the following:

(A) Institutional objectives.
(B) Administrative methods.
(C) Curriculum.
(D) Instruction.
(E) Faculty, including their qualifications.
(F) Physical facilities.
(G) Administrative personnel.
(H) Procedures for keeping educational records.
(I) Tuition, fee, and refund schedules.
(J) Admissions standards.
(K) Scholastic regulations and graduation requirements.
(L) Degrees offered.
(M) Financial stability, including that the capital assets of the institution are sufficient for the type, level, and number of degree programs offered and that the current assets of the institution are sufficient to serve the number of students then currently enrolled and to meet any tuition or fee refunds which may reasonably be expected under the institution's refund policy.

(2) Within 90 days of the date of receipt of a completed application, the superintendent shall impanel a visiting committee for the purpose of reviewing the applicant institution. The visiting committee shall be composed as follows:

(A) One member appointed by the director of the California Postsecondary Education Commission.

(B) One member appointed by the superintendent from a list of three names submitted by the Council for Private Postsecondary Educational Institutions.

(C) One member appointed by the superintendent from his or her staff, who shall serve as chairperson of the visiting committee.

(D) Additional members may be appointed by the superintendent if the superintendent determines that their technical expertise is necessary to review the applicant institution. These members shall be nonvoting members.

(3) The visiting committee's responsibilities shall include all of the following:

(A) To verify the accuracy of the information submitted by the applicant institution.

(B) To determine whether the applicant institution complies with the standards required by statute and regulation.

(C) To provide the applicant institution with a preliminary report of its findings, including its recommendation regarding the grant of the requested authorization, no later than 30 days following completion of the onsite review. The applicant institution shall provide the visiting committee with any additional information the visiting committee may request within 30 days after receipt of the preliminary report.

(D) To review the applicant institution's response to the preliminary report, and no later than 30 days following receipt of the response, submit a final report to the superintendent. The final report shall include the visiting committee's recommendation for the grant of authorization or for the denial of authorization.

(4) If the visiting committee's recommendation regarding authorization is not unanimous, the superintendent shall refer the final report to the council or to an appropriate appeals committee of the council for its advice pursuant to paragraph (8) of subdivision (f) of Section 94304.

(5) Within 90 days of the receipt of a unanimous visiting committee's report or the advice of the council, as appropriate, the superintendent shall take one of the following alternative actions:

(A) Grant the applicant institution full authorization for a period not to exceed five years. Authorization pursuant to this subparagraph shall continue to be valid upon payment of the annual renewal fee specified in Section 94331.

(B) Disapprove the application.

The superintendent shall advise the applicant institution of the specific reasons for action taken pursuant to subparagraph (B) and of the specific corrective measures needed to obtain authorization. If those corrective measures have been taken, authorization may then be granted for an initial period not to exceed one year, and for periods of five years upon each subsequent renewal, subject to the payment of the annual renewal fee specified in Section 94331.

(6) Not later than 90 days prior to the expiration of an

authorization to operate, an institution shall file a completed application for reauthorization pursuant to subdivision (c) with the superintendent. The reauthorization process for all institutions shall include a full review by a visiting committee.

(7) All institutions operating pursuant to authorization received under this subdivision in effect on June 30, 1984, shall receive conditional authorization for a period not to exceed three years. On a specified date prior to June 30, 1987, determined by the superintendent, each institution granted conditional authorization pursuant to this paragraph shall file a completed application for reauthorization pursuant to subdivision (c).

(8) Authorization received pursuant to this subdivision shall not be interpreted to endorse, and it is unlawful for, any institution to represent by any means that the State of California, Superintendent of Public Instruction, State Board of Education, or the State Department of Education has made any accreditation or endorsement of the course of study or degree.

(9) If at any time the superintendent determines that an authorized institution has significantly deviated from the standards for authorization, but not to an extent which would warrant the withdrawal of the institution's authorization, the superintendent may place the institution on probation for a specific period of time. During the period of probation, the institution shall be subject to special scrutiny by the superintendent. That scrutiny may include required submission of periodic reports, as prescribed by the superintendent, and special visits by authorized representatives of the superintendent. If at the end of the specified probation period, the institution has not taken steps to eliminate the cause for its probation which the superintendent finds satisfactory, the superintendent may withdraw the institution's authorization to award degrees. An institution placed on probation pursuant to this paragraph may appeal the superintendent's action to the council. The appeal shall be filed no later than 30 days following the superintendent's initial action pursuant to this paragraph.

(d) The institution is structured by schools of theology, and awards degrees primarily in theology and other areas of religious study, and it has filed the following affidavits with the superintendent:

(1) An annual affidavit of "full disclosure" describing the institutional objectives and proposed methods of achieving them, the curriculum, instruction, faculty with qualifications, physical facilities, administrative personnel, educational recordkeeping procedures, tuition and fee schedule, tuition refund schedule, scholastic regulations, degrees to be conferred, graduation requirements, and financial stability as evidenced by a certified financial statement for the preceding year.

(2) An affidavit by the president or other head stating that the institution owns, and shall continue to own, net assets in the amount

of fifty thousand dollars ($50,000) which is used solely for the purpose of education as stated in paragraph (1), located within this state, and stating that these assets provide sufficient resources to achieve the educational objectives of the institution. These assets shall include such real property as buildings and facilities, library materials, and instructional materials, but shall not include other personal property not used directly and exclusively by the institution for the purpose of education. The affidavit shall be accompanied by a statement from a public accountant showing the value of the interest of the institution therein to be at least fifty thousand dollars ($50,000) above the unpaid balance on any note secured by a mortgage, deed of trust, or the unpaid balance on a contract of sale.

(3) An annual affidavit by the president or other head setting forth, as a minimum, the following information:

(A) All names, whether real or fictitious, of the person, institution, firm, association, partnership or corporation under which it has done or is doing business.

(B) The address, including city and street, of every place of doing business of the person, firm, association, partnership, or corporation, within this state.

(C) The address, including city and street, of the location of the records of the person, firm, association, partnership or corporation, and the name and address, including city and street, of the custodian of those records.

(D) The names and addresses, including city and street, of the directors, if any, and principal officers of the person, firm, association, partnership, or corporation.

(E) That the records required by subdivision (k) of Section 94312 are maintained at the address stated, and are true and accurate.

Any change in the items of information required to be included in this affidavit shall be reported to the superintendent within 20 days of such change.

Within 90 days of the receipt of the affidavits described in paragraphs (1), (2), and (3), and prior to granting the initial authorization to operate, the superintendent shall verify the truthfulness and accuracy of the affidavits by impaneling a three-member team comprised of one representative which he or she shall select, one representative of the California Postsecondary Education Commission, and one representative selected by, but not affiliated with, the institution to be inspected. Within 30 days of the receipt of the report from the three-member team, the superintendent shall grant or deny authorization to operate. Authorization to operate may be denied only if the affidavits are inaccurate. Authorization to operate may be granted for one year initially and for periods of three years upon each subsequent renewal, subject to payment of an annual fee pursuant to Section 94331. For all affidavits beyond the initial application, the superintendent may take any steps necessary to verify the

truthfulness and accuracy of the affidavits. Filing pursuant to this subdivision shall not be interpreted to mean, and it shall be unlawful for, any institution to expressly or impliedly represent by any means whatsoever, that the State of California, Superintendent of Public Instruction, the State Board of Education, or the Department of Education has made any evaluation, recognition, accreditation, approval, or endorsement of the course of study or degree.

SEC. 3.5. Section 94310 of the Education Code is amended to read:

94310. No institution may issue, confer, or award an academic or honorary degree unless the institution meets the requirements of at least one of the subdivisions of this section.

(a) The institution, which at the time of the issuance of a degree, has accreditation of the institution, program, or specific course of study upon which the degree is based by a national accrediting agency recognized by the United States Department of Education, the Western Association of Schools and Colleges, or by the Committee of Bar Examiners for the State of California. The institution shall file with the superintendent an annual affidavit by the administrative head of the institution stating that the institution is so accredited. Institutions authorized to operate under this subdivision may issue diplomas and certificates as well as degrees.

(b) The institution, which at the time of the issuance of a degree, has full institutional approval by the superintendent to award or issue specific professional, technological, or education degrees.

(1) The superintendent shall not approve an institution to issue degrees until he or she has conducted a qualitative review and assessment of, and has approved, each program offered by the institution, and the superintendent has determined, based upon information submitted to him or her, all of the following:

(A) The institution has facilities, financial resources, administrative capabilities, faculty, and other necessary educational expertise and resources to afford students, and require of students, the completion of a program of education which will prepare them for the attainment of a professional, technological, or educational objective, including, but not limited to, a degree.

(B) The curriculum is consistent in quality with curricula offered by appropriate established accredited institutions which are recognized by the United States Department of Education or the Committee of Bar Examiners for the State of California and issue the appropriate degree upon the satisfactory completion of specific qualitative academic programs.

(C) The course for which the degree is granted achieves its professed or claimed academic objective for higher education, with verifiable evidence of academic achievement comparable to that required of graduates of other recognized schools accredited by an appropriate accrediting commission recognized by the United States Department of Education or the Committee of Bar Examiners for

the State of California.

The criteria developed for conducting the review and assessment shall effectuate the purposes of this chapter, but shall not unreasonably hinder legitimate educational innovation.

(2) The superintendent shall conduct the qualitative review and assessment of the institution and all programs offered through a comprehensive onsite review process, performed by a qualified visiting committee impaneled by the superintendent for that purpose. The visiting committee, which shall be impaneled by the superintendent within 90 days of the date of receipt of a completed application, shall be composed of educators from both accredited and state approved institutions. Within 90 days of the receipt of the visiting committee's report and recommendations, the superintendent shall take one of the following actions:

(A) Grant full institutional approval for a period not to exceed three years.

(B) Grant candidate for institutional approval status for a period not to exceed two years plus the remainder of the calendar year in which the application was made. Candidate status may be renewed only one time, at the discretion of the superintendent.

(C) Disapprove the application.

If the application is disapproved, or candidate for institutional approval status is granted, the institution shall be advised of the specific reasons for the action and the specific corrective measures needed to achieve full institutional approval. An institution may not advertise itself as an approved or fully approved institution unless each degree program offered by the institution has been approved in accordance with the requirements of this section.

(3) (A) The superintendent shall grant full institutional approval status for three years to all institutions operating pursuant to subdivision (b) of Section 94310 on June 30, 1984, as it read on that date and which have received full approval of all courses offered.

(B) The superintendent shall grant candidate for institutional approval status for a period not to exceed two years to all institutions operating on June 30, 1984, pursuant to both subdivisions (b) and (c) of Section 94310 as it read on that date. The superintendent shall specify a date, prior to June 30, 1986, by which all institutions operating pursuant to this subparagraph shall file a completed application for either full institutional approval pursuant to this subdivision, or authorization to operate pursuant to subdivision (c).

(4) The superintendent may authorize any institution approved to issue degrees pursuant to this subdivision to issue diplomas for the completion of courses of study which do not fully meet the degree requirements, but are within the institution's approved degree program.

The superintendent may approve an application to issue honorary degrees if the applicant institution has received full institutional approval to issue academic degrees.

(c) The institution has demonstrated that it is in compliance with formal standards recommended by the Council for Private Postsecondary Educational Institutions and adopted by the superintendent, which shall include, but not be limited to, the standards developed by the special committee pursuant to Section 94304.5.

(1) The institution shall demonstrate compliance with the standards through a comprehensive onsite review process conducted by a three-member visiting committee impaneled by the superintendent for that purpose pursuant to paragraph (2). The process shall review all of the following:

(A) Institutional objectives.

(B) Administrative methods.

(C) Curriculum.

(D) Instruction.

(E) Faculty, including their qualifications.

(F) Physical facilities.

(G) Administrative personnel.

(H) Procedures for keeping educational records.

(I) Tuition, fee, and refund schedules.

(J) Admissions standards.

(K) Scholastic regulations and graduation requirements.

(L) Degrees offered.

(M) Financial stability, including that the capital assets of the institution are sufficient for the type, level, and number of degree programs offered and that the current assets of the institution are sufficient to serve the number of students then currently enrolled and to meet any tuition or fee refunds which may reasonably be expected under the institution's refund policy.

(2) Within 90 days of the date of receipt of a completed application, the superintendent shall impanel a visiting committee for the purpose of reviewing the applicant institution. The visiting committee shall be composed as follows:

(A) One member appointed by the director of the California Postsecondary Education Commission.

(B) One member appointed by the superintendent from a list of three names submitted by the Council for Private Postsecondary Educational Institutions.

(C) One member appointed by the superintendent from his or her staff, who shall serve as chairperson of the visiting committee.

(D) Additional members may be appointed by the superintendent if the superintendent determines that their technical expertise is necessary to review the applicant institution. These members shall be nonvoting members.

(3) The visiting committee's responsibilities shall include all of the following:

(A) To verify the accuracy of the information submitted by the applicant institution.

(B) To determine whether the applicant institution complies with the standards required by statute and regulation.

(C) To provide the applicant institution with a preliminary report of its findings, including its recommendation regarding the grant of the requested authorization, no later than 30 days following completion of the onsite review. The applicant institution shall provide the visiting committee with any additional information the visiting committee may request within 30 days after receipt of the preliminary report.

(D) To review the applicant institution's response to the preliminary report, and no later than 30 days following receipt of the response, submit a final report to the superintendent. The final report shall include the visiting committee's recommendation for the grant of authorization or for the denial of that authorization.

(4) If the visiting committee's recommendation regarding authorization is not unanimous, the superintendent shall refer the final report to the council or to an appropriate appeals committee of the council for its advice pursuant to paragraph (8) of subdivision (f) of Section 94304.

(5) Within 90 days of the receipt of a unanimous visiting committee's report or the advice of the council, as appropriate, the superintendent shall take one of the following alternative actions:

(A) Grant the applicant institution full authorization for a period not to exceed five years. Authorization pursuant to this subparagraph shall continue to be valid upon payment of the annual renewal fee specified in Section 94331.

(B) Disapprove the application.

The superintendent shall advise the applicant institution of the specific reasons for action taken pursuant to subparagraph (B) and of the specific corrective measures needed to obtain authorization. If those corrective measures have been taken, authorization may then be granted for an initial period not to exceed one year, and for periods of five years upon each subsequent renewal, subject to the payment of the annual renewal fee specified in Section 94331.

(6) Not later than 90 days prior to the expiration of an authorization to operate, an institution shall file a completed application for reauthorization pursuant to subdivision (c) with the superintendent. The reauthorization process for all institutions shall include a full review by a visiting committee.

(7) All institutions operating pursuant to authorization received under this subdivision in effect on June 30, 1984, shall receive conditional authorization for a period not to exceed three years. On a specified date prior to June 30, 1987, determined by the superintendent, each institution granted conditional authorization pursuant to this paragraph shall file a completed application for reauthorization pursuant to subdivision (c).

(8) Authorization received pursuant to this subdivision shall not be interpreted to endorse, and it is unlawful for, any institution to

represent by any means that the State of California, the Superintendent of Public Instruction, State Board of Education, or the State Department of Education has made any accreditation or endorsement of the course of study or degree.

(9) If at any time the superintendent determines that an authorized institution has significantly deviated from the standards for authorization, but not to an extent which would warrant the withdrawal of the institution's authorization, the superintendent may place the institution on probation for a specific period of time. During the period of probation, the institution shall be subject to special scrutiny by the superintendent. That scrutiny may include required submission of periodic reports, as prescribed by the superintendent, and special visits by authorized representatives of the superintendent. If at the end of the specified probation period, the institution has not taken steps to eliminate the cause for its probation which the superintendent finds satisfactory, the superintendent may withdraw the institution's authorization to award degrees. An institution placed on probation pursuant to this paragraph may appeal the superintendent's action to the council. The appeal shall be filed no later than 30 days following the superintendent's initial action pursuant to this paragraph.

(d) The institution is structured by schools of theology, and awards degrees primarily in theology and other areas of religious study, and it has filed all of the following affidavits with the superintendent:

(1) An annual affidavit of "full disclosure" describing the institutional objectives and proposed methods of achieving them, the curriculum, instruction, faculty with qualifications, physical facilities, administrative personnel, educational recordkeeping procedures, tuition and fee schedule, tuition refund schedule, scholastic regulations, degrees to be conferred, graduation requirements, and financial stability as evidenced by a certified financial statement for the preceding year.

(2) An affidavit by the president or other head stating that the institution owns, and shall continue to own, net assets in the amount of fifty thousand dollars ($50,000) which is used solely for the purpose of education as stated in paragraph (1), located within this state, and stating that these assets provide sufficient resources to achieve the educational objectives of the institution. These assets shall include such real property as buildings and facilities, library materials, and instructional materials, but shall not include other personal property not used directly and exclusively by the institution for the purpose of education. The affidavit shall be accompanied by a statement from a public accountant showing the value of the interest of the institution therein to be at least fifty thousand dollars ($50,000) above the unpaid balance on any note secured by a mortgage, deed of trust, or the unpaid balance on a contract of sale.

(3) An annual affidavit by the president or other head setting

forth, as a minimum, all of the following information:

(A) All names, whether real or fictitious, of the person, institution, firm, association, partnership, or corporation under which it has done or is doing business.

(B) The address, including city and street, of every place of doing business of the person, firm, association, partnership, or corporation, within this state.

(C) The address, including city and street, of the location of the records of the person, firm, association, partnership, or corporation, and the name and address, including city and street, of the custodian of those records.

(D) The names and addresses, including city and street, of the directors, if any, and principal officers of the person, firm, association, partnership, or corporation.

(E) That the records required by subdivision (k) of Section 94312 are maintained at the address stated, and are true and accurate.

Any change in the items of information required to be included in this affidavit shall be reported to the superintendent within 20 days of the change.

Within 90 days of the receipt of the affidavits described in paragraphs (1), (2), and (3), and prior to granting the initial authorization to operate, the superintendent shall verify the truthfulness and accuracy of the affidavits by impaneling a three-member team comprised of one representative which he or she shall select, one representative of the California Postsecondary Education Commission, and one representative selected by, but not affiliated with, the institution to be inspected. Within 30 days of the receipt of the report from the three-member team, the superintendent shall grant or deny authorization to operate. Authorization to operate may be denied only if the affidavits are inaccurate. Authorization to operate may be granted for one year initially and for periods of three years upon each subsequent renewal, subject to payment of an annual fee pursuant to Section 94331. For all affidavits beyond the initial application, the superintendent may take any steps necessary to verify the truthfulness and accuracy of the affidavits. Filing pursuant to this subdivision shall not be interpreted to mean, and it shall be unlawful for, any institution to expressly or impliedly represent by any means whatsoever, that the State of California, the Superintendent of Public Instruction, the State Board of Education, or the State Department of Education has made any evaluation, recognition, accreditation, approval, or endorsement of the course of study or degree.

SEC. 4. Section 94345 of the Education Code is amended to read:

94345. Prior to September 1, 1989, the California Postsecondary Education Commission shall review and evaluate all of the following, and shall report to the Legislature on the results of this review and evaluation:

(a) The implementation of this chapter by the State Department of Education.

(b) The effectiveness of subdivisions (b), (c), and (d) of Section 94310 in protecting the integrity of degrees and diplomas issued by private postsecondary educational institutions.

SEC. 5. Section 94350 of the Education Code is repealed.

SEC. 6. Section 94350 is added to the Education Code, to read:

94350. This chapter shall become inoperative on June 30, 1991, and, as of January 1, 1992, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 1992, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 6.5. Section 3.5 of this bill incorporates amendments to Section 94310 of the Education Code proposed by both this bill and SB 1923. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 1985, but this bill becomes operative first, (2) each bill amends Section 94310 of the Education Code, and (3) this bill is enacted after SB 1923, in which case Section 94310 of the Education Code, as amended by Section 3 of this bill, shall remain operative only until the operative date of SB 1923, at which time Section 3.5 of this bill shall become operative.

SEC. 7. This act is an urgency statute necessary for the immmediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to provide for the orderly evaluation and implementation of the provisions of law governing private postsecondary educational institutions, it is necessary that this act take effect immediately.

APPENDIX B

Senate Bill No. 1923

CHAPTER 1255

An act to amend, repeal, and add Section 94310 of the Education Code, relating to postsecondary education.

[Approved by Governor September 18, 1984. Filed with Secretary of State September 19, 1984.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1923, Carpenter. Private postsecondary education.

(1) Under existing law, private postsecondary institutions are prohibited from awarding academic or honorary degrees unless they: (a) are accredited by a recognized accrediting agency; (b) are approved by the Superintendent of Public Instruction upon a determination that an adequate educational program exists; (c) the institution has met standards developed and recommended by the Council for Private Postsecondary Educational Institutions and adopted by the Legislature; or (d) the institution is structured by schools of theology, and awards degrees primarily in theology and other areas of religion, and has filed various specified affidavits with the Superintendent of Public Instruction.

This bill would revise the procedures and criteria required for (b).

This bill would delay the operation of these revised provisions for an amount of time equivalent to the period of time for which any program of the institution was last approved pursuant to (b) prior to January 1, 1985, for institutions operating pursuant to (b) on June 30, 1984, and for up to 2 years for institutions operating pursuant to both (b) and other specified provisions on June 30, 1984.

(2) This bill would incorporate changes in Section 94310 of the Education Code, proposed by SB 2151, but only if SB 2151 and this bill are both chaptered and become effective, and this bill is chaptered last.

The people of the State of California do enact as follows:

SECTION 1. Section 94310 of the Education Code is amended to read:

94310. No institution may issue, confer, or award an academic or honorary degree unless the institution meets the requirements of at least one of the subdivisions of this section.

(a) The institution, which at the time of the issuance of a degree, has accreditation of the institution, program, or specific course of study upon which the degree is based by a national accrediting agency recognized by the United States Department of Education, the Western Association of Schools and Colleges, or by the Committee of Bar Examiners for the State of California. The

institution shall file with the superintendent an annual affidavit by the administrative head of the institution stating that the institution is so accredited. Institutions authorized to operate under this subdivision may issue diplomas and certificates as well as degrees.

(b) The institution, which at the time of the issuance of a degree, has full institutional approval by the superintendent to award or issue specific professional, technological, or education degrees.

(1) The superintendent shall not approve an institution to issue degrees until he or she has conducted a qualitative review and assessment of, and has approved, each program offered by the institution, and the superintendent has determined, based upon information submitted to him or her, all of the following:

(A) The institution has facilities, financial resources, administrative capabilities, faculty, and other necessary educational expertise and resources to afford students, and require of students, the completion of a program of education which will prepare them for the attainment of a professional, technological, or educational objective, including, but not limited to, a degree.

(B) The curriculum is consistent in quality with curricula offered by appropriate established accredited institutions which are recognized by the United States Department of Education or the Committee of Bar Examiners for the State of California and issue the appropriate degree upon the satisfactory completion of specific qualitative academic programs.

(C) The course for which the degree is granted achieves its professed or claimed academic objective for higher education, with verifiable evidence of academic achievement comparable to that required of graduates of other recognized schools accredited by an appropriate accrediting commission recognized by the United States Department of Education or the Committee of Bar Examiners for the State of California.

The criteria developed for conducting the review and assessment shall effectuate the purposes of this chapter, but shall not unreasonably hinder legitimate educational innovation.

(2) The superintendent shall conduct the qualitative review and assessment of the institution and all programs offered through a comprehensive onsite review process, performed by a qualified visiting committee impaneled by the superintendent for that purpose. The visiting committee, which shall be impaneled by the superintendent within 90 days of the date of receipt of a completed application, shall be composed of educators from both accredited and state approved institutions. Within 90 days of the receipt of the visiting committee's report and recommendations, the superintendent shall take one of the following actions:

(A) Grant full institutional approval for a period not to exceed three years.

(B) Grant candidate for institutional approval status for a period not to exceed two years plus the remainder of the calendar year in

which the application was made. Candidate status may be renewed only one time, at the discretion of the superintendent.

(C) Disapprove the application.

If the application is disapproved, or candidate for institutional approval status is granted, the institution shall be advised of the specific reasons for the action and the specific corrective measures needed to achieve full institutional approval. An institution may not advertise itself as an approved or fully approved institution unless each degree program offered by the institution has been approved in accordance with the requirements of this section.

(3) (A) The superintendent shall grant full institutional approval status three years to all institutions operating pursuant to subdivision (b) of Section 94310 on June 30, 1984, as it read on that date and which have received full approval of all courses offered.

(B) The superintendent shall grant candidate for institutional approval status for a period not to exceed two years to all institutions operating, on June 30, 1984, pursuant to both subdivisions (b) and (c) of Section 94310 as it read on that date. The superintendent shall specify a date, prior to June 30, 1986, by which all institutions operating pursuant to this subparagraph shall file a completed application for either full institutional approval pursuant to this subdivision, or authorization to operate pursuant to subdivision (c).

(4) The superintendent may authorize any institution approved to issue degrees pursuant to this subdivision to issue diplomas for the completion of courses of study which do not fully meet the degree requirements, but are within the institution's approved degree program.

The superintendent may approve an application to issue honorary degrees if the applicant institution has received full institutional approval to issue academic degrees.

(c) The institution has met standards developed and recommended by the Council for Postsecondary Educational Institutions pursuant to Section 94304.5, and adopted by the Legislature.

(d) The institution is structured by schools of theology, and awards degrees primarily in theology and other areas of religious study, and it has filed all of the following affidavits with the superintendent:

(1) An annual affidavit of "full disclosure" describing the institutional objectives and proposed methods of achieving them, the curriculum, instruction, faculty with qualifications, physical facilities, administrative personnel, educational recordkeeping procedures, tuition and fee schedule, tuition refund schedule, scholastic regulations, degrees to be conferred, graduation requirements, and financial stability as evidenced by a certified financial statement for the preceding year.

(2) An affidavit by the president or other head stating that the institution owns, and shall continue to own, net assets in the amount

of fifty thousand dollars ($50,000) which is used solely for the purpose of education as stated in paragraph (1), located within this state, and stating that these assets provide sufficient resources to achieve the educational objectives of the institution. These assets shall include such real property as buildings and facilities, library materials, and instructional materials, but shall not include other personal property not used directly and exclusively by the institution for the purpose of education. The affidavit shall be accompanied by a statement from a public accountant showing the value of the interest of the institution therein to be at least fifty thousand dollars ($50,000) above the unpaid balance on any note secured by a mortgage, deed of trust, or the unpaid balance on a contract of sale.

(3) An annual affidavit by the president or other head setting forth, as a minimum, all of the following information:

(A) All names, whether real or fictitious, of the person, institution, firm, association, partnership, or corporation under which it has done or is doing business.

(B) The address, including city and street, of every place of doing business of the person, firm, association, partnership or corporation, within this state.

(C) The address, including city and street, of the location of the records of the person, firm, association, partnership, or corporation, and the name and address, including city and street, of the custodian of the records.

(D) The names and addresses, including city and street, of the directors, if any, and principal officers of the person, firm, association, partnership, or corporation.

(E) That the records required by subdivision (k) of Section 94312 are maintained at the address stated, and are true and accurate.

Any change in the items of information required to be included in this affidavit shall be reported to the superintendent within 20 days of the change.

Within 90 days of the receipt of the affidavits described in paragraphs (1), (2), and (3), and prior to granting the initial authorization to operate, the superintendent shall verify the truthfulness and accuracy of the affidavits by impaneling a three-member team comprised of one representative which he or she shall select, one representative of the California Postsecondary Education Commission, and one representative selected by, but not affiliated with, the institution to be inspected. Within 30 days of the receipt of the report from the three-member team, the superintendent shall grant or deny authorization to operate. Authorization to operate can be denied only if the affidavits are inaccurate. Authorization to operate may be granted for one year initially and for periods of three years upon each subsequent renewal, subject to payment of an annual fee pursuant to Section 94331. For all affidavits beyond the initial application, the superintendent may take such steps as may be necessary to verify the

truthfulness and accuracy of the affidavits. Filing pursuant to this subdivision shall not be interpreted to mean, and it shall be unlawful for, any institution to expressly or impliedly represent by any means whatsoever, that the State of California, Superintendent of Public Instruction, the State Board of Education, or the Department of Education has made any evaluation, recognition, accreditation, approval, or endorsement of the course of study or degree.

(e) This section shall become operative July 1, 1984.

SEC. 2. Section 94310 of the Education Code, as amended by Senate Bill No. 2151 of the 1983–84 Regular Session, is repealed.

SEC. 3. Section 94310 is added to the Education Code, to read:

94310. No institution may issue, confer, or award an academic or honorary degree unless the institution meets the requirements of at least one of the four subdivisions of this section.

(a) The institution, which at the time of the issuance of a degree, has accreditation of the institution, program, or specific course of study upon which the degree is based by a national accrediting agency recognized by the United States Department of Education, the Western Association of Schools and Colleges, or by the Committee of Bar Examiners for the State of California. The institution shall file with the superintendent an annual affidavit by the administrative head of the institution stating that the institution is so accredited. Institutions authorized to operate under this subdivision may issue diplomas and certificates as well as degrees.

(b) The institution, which at the time of the issuance of a degree, has full institutional approval by the superintendent to award or issue specific professional, technological, or education degrees.

(1) The superintendent shall not approve an institution to issue degrees until he or she has conducted a qualitative review and assessment of, and has approved, each program offered by the institution, and the superintendent has determined, based upon information submitted to him or her, all of the following:

(A) The institution has facilities, financial resources, administrative capabilities, faculty, and other necessary educational expertise and resources to afford students, and require of students, the completion of a program of education which will prepare them for the attainment of a professional, technological, or educational objective, including, but not limited to, a degree.

(B) The curriculum is consistent in quality with curricula offered by appropriate established accredited institutions which are recognized by the United States Department of Education or the Committee of Bar Examiners for the State of California and issue the appropriate degree upon the satisfactory completion of specific qualitative academic programs.

(C) The course for which the degree is granted achieves its professed or claimed academic objective for higher education, with verifiable evidence of academic achievement comparable to that required of graduates of other recognized schools accredited by an

appropriate accrediting commission recognized by the United States Department of Education or the Committee of Bar Examiners for the State of California.

The criteria developed for conducting the review and assessment shall effectuate the purposes of this chapter, but shall not unreasonably hinder legitimate educational innovation.

(2) The superintendent shall conduct the qualitative review and assessment of the institution and all programs offered through a comprehensive onsite review process, performed by a qualified visiting committee impaneled by the superintendent for that purpose. The visiting committee, which shall be impaneled by the superintendent within 90 days of the date of receipt of a completed application, shall be composed of educators from both accredited and state approved institutions. Within 90 days of the receipt of the visiting committee's report and recommendations, the superintendent shall take one of the following actions:

(A) Grant full institutional approval for a period not to exceed three years.

(B) Grant candidate for institutional approval status for a period not to exceed two years plus the remainder of the calendar year in which the application was made. Candidate status may be renewed only one time, at the discretion of the superintendent.

(C) Disapprove the application.

If the application is disapproved, or candidate for institutional approval status is granted, the institution shall be advised of the specific reasons for the action and the specific corrective measures needed to achieve full institutional approval. An institution may not advertise itself as an approved or fully approved institution unless each degree program offered by the institution has been approved in accordance with the requirements of this section.

(3) (A) The superintendent shall grant full institutional approval status for three years to all institutions operating pursuant to subdivision (b) of Section 94310 on June 30, 1984, as it read on that date and which have received full approval of all courses offered.

(B) The superintendent shall grant candidate for institutional approval status for a period not to exceed two years to all institutions operating on June 30, 1984, pursuant to both subdivisions (b) and (c) of Section 94310 as it read on that date. The superintendent shall specify a date, prior to June 30, 1986, by which all institutions operating pursuant to this subparagraph shall file a completed application for either full institutional approval pursuant to this subdivision, or authorization to operate pursuant to subdivision (c).

(4) The superintendent may authorize any institution approved to issue degrees pursuant to this subdivision to issue diplomas for the completion of courses of study which do not fully meet the degree requirements, but are within the institution's approved degree program.

The superintendent may approve an application to issue honorary

degrees if the applicant institution has received full institutional approval to issue academic degrees.

(c) The institution has demonstrated that it is in compliance with formal standards recommended by the Council for Private Postsecondary Educational Institutions and adopted by the superintendent, which shall include, but not be limited to, the standards developed by the special committee pursuant to Section 94304.5.

(1) The institution shall demonstrate compliance with the standards through a comprehensive onsite review process conducted by a three-member visiting committee impaneled by the superintendent for that purpose pursuant to paragraph (2). The process shall review all of the following:

(A) Institutional objectives.

(B) Administrative methods.

(C) Curriculum.

(D) Instruction.

(E) Faculty, including their qualifications.

(F) Physical facilities.

(G) Administrative personnel.

(H) Procedures for keeping educational records.

(I) Tuition, fee, and refund schedules.

(J) Admissions standards.

(K) Scholastic regulations and graduation requirements.

(L) Degrees offered.

(M) Financial stability, including that the capital assets of the institution are sufficient for the type, level, and number of degree programs offered and that the current assets of the institution are sufficient to serve the number of students then currently enrolled and to meet any tuition or fee refunds which may reasonably be expected under the institution's refund policy.

(2) Within 90 days of the date of receipt of a completed application, the superintendent shall impanel a visiting committee for the purpose of reviewing the applicant institution. The visiting committee shall be composed as follows:

(A) One member appointed by the director of the California Postsecondary Education Commission.

(B) One member appointed by the superintendent from a list of three names submitted by the Council for Private Postsecondary Educational Institutions.

(C) One member appointed by the superintendent from his or her staff, who shall serve as chairperson of the visiting committee.

(D) Additional members may be appointed by the superintendent if the superintendent determines that their technical expertise is necessary to review the applicant institution. These members shall be nonvoting members.

(3) The visiting committee's responsibilities shall include all of the following:

(A) To verify the accuracy of the information submitted by the applicant institution.

(B) To determine whether the applicant institution complies with the standards required by statute and regulation.

(C) To provide the applicant institution with a preliminary report of its findings, including its recommendation regarding the grant of the requested authorization, no later than 30 days following completion of the onsite review. The applicant institution shall provide the visiting committee with any additional information the visiting committee may request within 30 days after receipt of the preliminary report.

(D) To review the applicant institution's response to the preliminary report, and no later than 30 days following receipt of the response, submit a final report to the superintendent. The final report shall include the visiting committee's recommendation for the grant of authorization or for the denial of that authorization.

(4) If the visiting committee's recommendation regarding authorization is not unanimous, the superintendent shall refer the final report to the council or to an appropriate appeals committee of the council for its advice pursuant to paragraph (8) of subdivision (f) of Section 94304.

(5) Within 90 days of the receipt of a unanimous visiting committee's report or the advice of the council, as appropriate, the superintendent shall take one of the following alternative actions:

(A) Grant the applicant institution full authorization for a period not to exceed five years. Authorization pursuant to this subparagraph shall continue to be valid upon payment of the annual renewal fee specified in Section 94331.

(B) Disapprove the application.

The superintendent shall advise the applicant institution of the specific reasons for action taken pursuant to subparagraph (B) and of the specific corrective measures needed to obtain authorization. If those corrective measures have been taken, authorization may then be granted for an initial period not to exceed one year, and for periods of five years upon each subsequent renewal, subject to the payment of the annual renewal fee specified in Section 94331.

(6) Not later than 90 days prior to the expiration of an authorization to operate, an institution shall file a completed application for reauthorization pursuant to subdivision (c) with the superintendent. The reauthorization process for all institutions shall include a full review by a visiting committee.

(7) All institutions operating pursuant to authorization received under this subdivision in effect on June 30, 1984, shall receive conditional authorization for a period not to exceed three years. On a specified date prior to June 30, 1987, determined by the superintendent, each institution granted conditional authorization pursuant to this paragraph shall file a completed application for reauthorization pursuant to subdivision (c).

(8) Authorization received pursuant to this subdivision shall not be interpreted to endorse, and it is unlawful for, any institution to represent by any means that the State of California, the Superintendent of Public Instruction, State Board of Education, or the State Department of Education has made any accreditation or endorsement of the course of study or degree.

(9) If at any time the superintendent determines that an authorized institution has significantly deviated from the standards for authorization, but not to an extent which would warrant the withdrawal of the institution's authorization, the superintendent may place the institution on probation for a specific period of time. During the period of probation, the institution shall be subject to special scrutiny by the superintendent. That scrutiny may include required submission of periodic reports, as prescribed by the superintendent, and special visits by authorized representatives of the superintendent. If at the end of the specified probation period, the institution has not taken steps to eliminate the cause for its probation which the superintendent finds satisfactory, the superintendent may withdraw the institution's authorization to award degrees. An institution placed on probation pursuant to this paragraph may appeal the superintendent's action to the council. The appeal shall be filed no later than 30 days following the superintendent's initial action pursuant to this paragraph.

(d) The institution is structured by schools of theology, and awards degrees primarily in theology and other areas of religious study, and it has filed all of the following affidavits with the superintendent:

(1) An annual affidavit of "full disclosure" describing the institutional objectives and proposed methods of achieving them, the curriculum, instruction, faculty with qualifications, physical facilities, administrative personnel, educational recordkeeping procedures, tuition and fee schedule, tuition refund schedule, scholastic regulations, degrees to be conferred, graduation requirements, and financial stability as evidenced by a certified financial statement for the preceding year.

(2) An affidavit by the president or other head stating that the institution owns, and shall continue to own, net assets in the amount of fifty thousand dollars ($50,000) which is used solely for the purpose of education as stated in paragraph (1), located within this state, and stating that these assets provide sufficient resources to achieve the educational objectives of the institution. These assets shall include such real property as buildings and facilities, library materials, and instructional materials, but shall not include other personal property not used directly and exclusively by the institution for the purpose of education. The affidavit shall be accompanied by a statement from a public accountant showing the value of the interest of the institution therein to be at least fifty thousand dollars ($50,000) above the unpaid balance on any note secured by a mortgage, deed of trust,

or the unpaid balance on a contract of sale.

(3) An annual affidavit by the president or other head setting forth, as a minimum, all of the following information:

(A) All names, whether real or fictitious, of the person, institution, firm, association, partnership, or corporation under which it has done or is doing business.

(B) The address, including city and street, of every place of doing business of the person, firm, association, partnership, or corporation, within this state.

(C) The address, including city and street, of the location of the records of the person, firm, association, partnership, or corporation, and the name and address, including city and street, of the custodian of those records.

(D) The names and addresses, including city and street, of the directors, if any, and principal officers of the person, firm, association, partnership, or corporation.

(E) That the records required by subdivision (k) of Section 94312 are maintained at the address stated, and are true and accurate.

Any change in the items of information required to be included in this affidavit shall be reported to the superintendent within 20 days of the change.

Within 90 days of the receipt of the affidavits described in paragraphs (1), (2), and (3), and prior to granting the initial authorization to operate, the superintendent shall verify the truthfulness and accuracy of the affidavits by impaneling a three-member team comprised of one representative which he or she shall select, one representative of the California Postsecondary Education Commission, and one representative selected by, but not affiliated with, the institution to be inspected. Within 30 days of the receipt of the report from the three-member team, the superintendent shall grant or deny authorization to operate. Authorization to operate may be denied only if the affidavits are inaccurate. Authorization to operate may be granted for one year initially and for periods of three years upon each subsequent renewal, subject to payment of an annual fee pursuant to Section 94331. For all affidavits beyond the initial application, the superintendent may take any steps necessary to verify the truthfulness and accuracy of the affidavits. Filing pursuant to this subdivision shall not be interpreted to mean, and it shall be unlawful for, any institution to expressly or impliedly represent by any means whatsoever, that the State of California, the Superintendent of Public Instruction, the State Board of Education, or the State Department of Education has made any evaluation, recognition, accreditation, approval, or endorsement of the course of study or degree.

SEC. 4. Section 3 of this bill incorporates amendments to Section 94310 of the Education Code proposed by both this bill and SB 2151. It shall become operative only if (1) both bills are enacted and

become effective on or before January 1, 1985, (2) both bills amend Section 94310 of the Education Code, and (3) this bill is enacted after SB 2151, in which case Section 94310 of the Education Code, as amended by SB 2151, shall remain operative only until the operative date of this bill, at which time Sections 2 and 3 of this bill shall become operative, and Section 1 of this bill shall not become operative.

o

REFERENCES

California Postsecondary Education Commission. The Role of the State in Private Postsecondary Education: Recommendations for Change. Commission Report 76-7. Sacramento: The Commission, July 1976.

--. Review and Evaluation of the Private Postsecondary Education Act of 1977. Commission Report 81-1c. Sacramento: The Commission, January 1981.

--. Commission Comments on Proposed Standard for Authorization of Private Postsecondary Educational Institutions: A Review for the Legislature of the Report of the Special Committee of the Council for Private Postsecondary Educational Institutions Pursuant to Section 94304.5 of the Education Code. Commission Report 83-6. Sacramento: The Commission, January 1983.

--. Public Policy, Accreditation, and State Approval in California: State Reliance on Non-Governmental Accrediting Agencies and on State Recognition of Postsecondary Institutions to Serve the Public Interest. Commission Report 84-28. Sacramento: The Commission, July 1984.

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

1020 Twelfth Street, Sacramento, California 95814 Telephone (916) 445-7933

A state agency created in 1974 to assure the effective utilization of public postsecondary education resources, thereby eliminating waste and unnecessary duplication, and to promote diversity, innovation, and responsiveness to student and societal needs through statewide planning and coordination.

MEMBERS

Representing the General Public:

Seth P. Brunner, Chairperson	Sacramento
C. Thomas Dean	Long Beach
Seymour M. Farber	San Francisco
Patricia Gandara	Sacramento
Ralph J. Kaplan	Beverly Hills
Roger C. Pettitt	Los Angeles
Sharon N. Skog	Mountain View
Thomas E. Stang, Vice Chairperson	Los Angeles
Stephen P. Teale	Modesto

Representing the Regents of the University of California:

Sheldon W. Andelson	Los Angeles

Representing the Trustees of The California State University:

Claudia H. Hampton	Los Angeles

Representing the Board of Governors of the California Community Colleges:

Peter M. Finnegan	San Francisco

Representing the Independent California Colleges and Universities:

Jean M. Leonard	San Mateo

Representing the Council for Private Postsecondary Educational Institutions:

Darlene M. Laval	Fresno

Representing the State Board of Education:

Angie Papadakis	Rancho Palos Verdes

ALTERNATE REPRESENTATIVES

Representing the Regents of the University of California:

Yori Wada	San Francisco

Representing the Trustees of The California State University:

Celia I. Ballesteros	San Diego

Representing the Board of Governors of the California Community Colleges:

Jane M. Tolmach	Oxnard